

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

B.T.U. PIPELINE, INC. AND
RICHARD WILLIAMS

ALLEGED VIOLATION OF 807 KAR 5.022

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) CASE NO. 95-377
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O R D E R

On or about July 14, 1995, the State Fire Marshal's office was contacted by a property owner regarding an exposed gas pipeline in Magoffin County, Kentucky. Subsequent to their inspection, the State Fire Marshal's office contacted the Commission's Gas Pipeline Safety Branch and expressed concern about the potential for damage given the proximity of the pipeline to the Mountain Parkway and the potential for damage to at least one property owner in the immediate area.

According to Commission records, Sigma Gas Corporation, Inc. ("Sigma Gas") and B.T.U. Pipeline, Inc. ("B.T.U."), both have gas pipeline facilities in Magoffin County, Kentucky. According to the State Fire Marshal's office, Sigma Gas claimed the line belonged to B.T.U.; however, B.T.U. initially denied ownership of the line in question.

Representatives of the Commission's Gas Pipeline Safety Branch met with the State Fire Marshal's office on July 27, 1995 to discuss the exposed pipeline. After reviewing Commission records, including information previously provided by B.T.U., it was

determined that the exposed pipeline was part of the "Petro" line, which B.T.U. purchased in 1989. B.T.U. is a gas distribution utility as defined by KRS 278.010(3)(b) and (c), and is subject to the jurisdiction of this Commission. KRS 278.040.

On August 1, 1995, the State Fire Marshal's office and the Commission's Gas Safety Branch inspected the pipeline and talked to the property owner, Will Conley. Approximately 300 feet of three-inch polyethylene ("PE") pipe, part of the Petro line, was aboveground as was approximately 20 feet of two-inch, black PE pipe which was connected to the Petro line. A significant gas leak was found at the site, along with numerous nicks and cuts on the exposed pipe, evidence of considerable exposure to sunlight, and several poorly fused joints. A report detailing the findings of the inspection is attached as Appendix A.

Following the inspection, the State Fire Marshal's office and the Commission's Gas Safety Branch met with Richard Williams, owner and operator of B.T.U. Mr. Williams described the two-inch, black PE pipe as a temporary line to supply his gas customers in the Dixie area. Mr. Williams was told to immediately repair the leak and to bury the exposed plastic pipeline. Mr. Williams requested an additional 10 days to bury the pipeline, in order to repair equipment necessary to place the pipe underground. Mr. Williams was given an additional 10 days to complete the work. On August 1, 1995, the State Fire Marshal's office advised the Commission that the gas leak had been repaired. However, on August 11, 1995, after expiration of the 10-day extension requested by Mr. Williams, a

Commission investigator inspected the site and observed that the pipe remained aboveground.

The aboveground PE pipe adjacent to the Mountain Parkway, poorly fused joints, and the poor condition of the aboveground pipe represent potential safety hazards which need to be corrected immediately. Mr. Williams should replace the exposed PE pipe with properly fused joints and bury it in conformity with 807 KAR 5:022, Section 7.

On August 10, 1995, the Commission received a facsimile transmission of an incident report prepared by the Kentucky Disaster and Emergency Services office ("KY DES") in Magoffin County, Kentucky. According to the report (attached as Appendix B), a natural Gas leak occurred on Route 1090, one mile from Route 7 in Magoffin County. While the report identifies the responsible company as "BCU Pipeline," the Commission has verified that the telephone number on the report is that of B.T.U. and, according to Commission records, the pipeline in question is owned by B.T.U. and is part of its natural gas system. The report shows that a considerable amount of oil was present at the site of the leak, to the extent that KY DES considered the pipeline to be a "crude oil line."

The presence of oil in B.T.U.'s gas pipeline poses a potential threat to the safe operation of B.T.U.'s gas system and threatens the continuity of service to customers served from this pipeline. Based upon B.T.U.'s 1994 inspection, as many as 18 customers are served by B.T.U. in this area.

Based upon the foregoing the Commission finds a prima facie showing has been made that B.T.U. and Richard Williams, in his individual capacity as owner and operator of B.T.U., have violated gas safety regulation 807 KAR 5:022, Section 6(8)(a)-(b), Section 6(9), and Section 7(12).

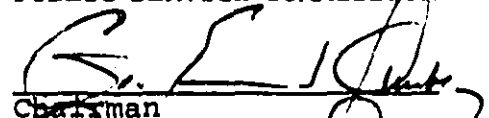
IT IS THEREFORE ORDERED that:

1. B.T.U. and Richard Williams, individually, shall appear represented by counsel before the Commission on September 22, 1995 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort Kentucky, to show cause why civil fines of up to \$500,000 should not be assessed pursuant to KRS 278.992(1) against B.T.U. and Richard Williams for the pipeline safety violations noted herein.

2. B.T.U. shall immediately file with the Commission documentation which demonstrates that the aboveground PE pipe described herein has been replaced, installed with tracer wire and properly joined and buried.

Done at Frankfort, Kentucky, this 30th day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-377 DATED AUGUST 30, 1995.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 613
FRANKFORT, KY. 40602
(502) 564-1940

M E M O R A N D U M

TO: B.T.U. Pipeline, Inc. File

THROUGH: E. Scott Smith, Manager *EdS*
Gas Pipeline Safety Branch

FROM: Larry L. Amburgey *LLA*
Investigator Supervisor

DATE: August 16, 1995

SUBJECT: Aboveground Plastic Pipe

On August 1, 1995, Mike Nantz and I met with Jim Helm and Bob Lewis of the State Fire Marshal's office at Salyersville, Kentucky, to investigate a complaint from a property owner, Mr. Will Conley, that exposed natural gas plastic pipe (aboveground) was located on his property.

After visiting the site, it was determined that three-inch plastic pipe (various manufacturers) was not buried as required by Commission regulations. Also observed was a natural gas leak near the Mountain Parkway, exposed plastic pipe where cattle were walking on the plastic and various connections of the pipe not properly fused (joined). (See photographs attached).

We then met with Richard Williams, operator of B.T.U. Pipeline, Inc. ("B.T.U."), at his office to discuss the discrepancies observed during our investigation. Mr. Williams was told to immediately fix the gas leak at the Mountain Parkway location and to bury new plastic instead of the improperly connected pipe with cuts and nicks observed previously.

Mr. Williams asked if he could have 10 days to bury new plastic pipe as his trenching equipment was broken and it would take more than a week to repair. After a discussion with the Fire Marshal representatives, we decided to allow 10 days from August 1, 1995 to install and bury approximately 300 feet of new three-inch plastic pipe.

Memorandum to B.T.U. Pipeline, Inc. File
August 16, 1995
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At 2:30 p.m. on August 11, 1995, I again visited the site in question and noted the gas leak had been repaired, but the above-ground plastic pipe was still uncovered.

ESS:LLA:dcp
9515500

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-377 DATED AUGUST 30, 1995.

KY DISASTER AND EMERGENCY SERVICES

Thu Aug 10 1995 12:24 pm

Page 1 of 1

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Date : 08/10/95 Time: 12:24:14

*** Ky STATE DES INCIDENT RECORD ***

***** FAXED TO: NR-ERT : ☒ MVE : _____ DOT : _____
Incident Number : 951445 SFM : _____ F&W : _____ RAD : _____
***** PSC : ☒ KSP : _____ OTHER: _____

State Fire Marshall Case # : _____ / Natural Resources-ERT # : _____

Date of Report.: 08/10/95 Date Occurred : 08/10/95 D.O. : MADER
Time Reported.: 1219 Time Occurred : 1119 Status : OPEN
County : MAGOFFIN Community : SALYERSVILLE DES Area : 09
Location of Incident : ROUTE 1090 1 MILE OFF ROUTE 7

Reported By.....: STANLEY HOWARD Phone : 606/349-3933
Reporting Agency.: MAGOFFIN COUNTY DES Phone : _____

Hazard...: PIPELINE INCIDENT Category : HAZMAT
Chemical.: NATURAL GAS
Quantity.: UNK EHS ? : NO SARA ? : NO RQ.: N/A

Responsible Party Company.....: B C U PIPELINES
Responsible Party Contact.....:
Responsible Party Address.....:
Responsible Party City/St/Zip.: SALYERSVILLE, KY
Responsible Party Phone.....: 606/349-1096

Roadways Closed....: NONE
Waterways Affected.: NONE
Number Evacuated...: Number Injured : Number Fatale :

Area Coordinator Respond ?.....: NO
Did A/C Use Cell Phone at Scene ?...: NO
Immediate State Response Required ?.: NO

Annex Q ?....: N
Annex Q Date.: / /
Annex Q Time.:

Agencies on Scene:

Local : Y DES : N SFM : N NR : N MVE : N
FW : N CG : N NG : N KSP : N DOT : N

Notifications: DES-9 1225 NR- SFM- AC-
PIO- MVE - Local DES - MIL-

Summary Journal:

LOCAL DES WENT TO BROKEN NATURAL GAS LEAK AND FOUND QUITE A BIT OF OIL
ALSO BLOWN OUT OF PIPELINE. LOCAL DES BELIEVES THIS LINE IS A CRUDE OIL
LINE. LINE HAS BEEN SHUT OFF BY SHUT-OFF VALVE. COMPANY REPAIR CREW IS ON
SCENE.